

Message Text

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51

ACTION EUR-25

INFO OCT-01 ISO-00 OMB-01 NIC-01 ACDA-19 IO-14 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 TRSE-00 AGR-20

CIEP-02 STR-08 COME-00 EB-11 LAB-06 SIL-01 DRC-01

/187 W

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R 251227Z OCT 73

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 6365

INFO AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

USMISSION BERLIN

AMCONSUL POZNAN

C O N F I D E N T I A L WARSAW 5545

E.O. 11652: GDS

TAGS: PINT, PL

SUBJECT: PZPR FIRST PARTY CONFERENCE OCTOBER 22-23

REF: (A) WARSAW 5138; (B) WARSAW 5407 NOTAL

1. SUMMARY: THE PZPR FIRST PARTY CONFERENCE, OCTOBER 22-23, PRODUCED A FREQUENTLY RUMORED ONE-YEAR EXTENSION OF THE THREE-YEAR-OLD PRICE FREEZE ON BASIC FOOD ITEMS AND AN UNEXPECTED ANNOUNCEMENT OF AN EXCHANGE OF PARTY CARDS TO BE CARRIED OUT DURING THE NEXT TWO YEARS. THE FORMER DEVELOPMENT INDICATES CONTINUED RELUCTANCE ON THE PART OF THE GIEREK REGIME TO TEST ITS PUBLIC POPULARITY ON A BACI DOMESTIC ECONOMIC ISSUE, WHILE THE LATTER IS INDICATIVE OF GIEREK'S CONFIDENCE OF HIS POSITION WITHIN THE PARTY. ON SEVERAL OCCASION IN HIS REPORT TO THE
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CONFERENCE GIEREK EMPHANSIZED THE IMPORTANCE OF DETENTE TO

POLAND'S ECONOMIC AND SOCIAL PROGRESS. THE POST-CONFERENCE ELEVENTH PLENUM OF THE PZPR CENTRAL COMMITTEE ON OCTOBER 23 FAILED TO PRODUCE THE HIGH-LEVEL PERSONNEL CHANGES WHICH HAD BEEN RUMORED. END SUMMARY.

2. IN THIS OPENING REPORT TO THE CONFERENCE, GIEREK COVERED THE GAMUT OF ECONOMIC, SOCIAL, POLITICAL, AND INTERNATIONAL DEVELOPMENT WITH EMPHASIS ON ECONOMICS. HE PROPOSED AN EXTENSION OF THE CURRENT PRICE FREEZE ON BASIC FOODSTUFFS, SPECIFICALLY MEAT, BREAD, MILK (AND THEIR BY-PRODUCTS) AND SUGAR. HOWEVER, WHILE REAFFIRMING THE COMMITMENT TO INCREASED WAGE, HE INDICATED THE NEED FOR AN ELASTIC POLICY ON PRICES, ALLOWING THEM TO RISE OR FALL ACCORDING TO ECONOMIC AND SOCIAL REQUIREMENTS. GIEREK SOUNDED FAMILIAR THEMES ON OTHER ECONOMIC ISSUES, CALLING FOR INCREASED EXPORTS TO STRENGTHEN POLAND'S TRADE BALANCE, A MORE RATIONAL AND EFFECTIVE INVESTMENT POLICY, AND GENERALLY IMPROVED HUSBANDING OF MANPOWER, RESOURCES, AND (A RECURRING REFRAIN) TIME.

3. TURNING TO REFORM OF THE STATE AND PARTY APPARATUS, GIEREK CALLED FOR INCREASED EMPHASIS ON INDIVIDUAL RESPONSIBILITY AND A STREAMLINING OF BUREAUCRACY ALONG WITH AN IMPROVEMENT IN THE QUALITY OF PARTY CADRES. HE RECOMMENDED LEGISLATION TO SET UP EXECUTIVE OFFICES SEPARATE FROM PEOPLE'S COUNCILS AT POWIAT AND WOJEWODSTWO LEVEL. ADDITIONALLY, HE CALLED FOR AN EXCHANGE OF PARTY CARDS TO BE CARRIED OUT BEFORE THE NEXT PARTY CONGRESS.

4. GIEREK DISCUSSED INTERNATIONAL ISSUES IN WELL-KNOWN TERMS. HE REFERRED TO THE "RECENT, CONSIDERABLE IMPROVEMENT IN RELATIONS WITH THE US," ESPECIALLY INTRADE, AND STRESSED POLAND'S DESIRE TO CONTINUE THIS TREND. HE MENTIONED RECENT TALKS WITH THE FRG, SAYING THEY WILL FACILITATE "FULL NORMALIZATION," AND HE PRAISED SOVIET EFFORTS IN THIS REGARD AS WELL AS IN THE OVERALL PURSUIT OF DETENTE. SEVERAL TIMES, GIEREK LINKED DETENTE AND WORLD PEACE TO POLAND'S STRIVINGS FOR ECONOMIC AND SOCIAL DEVELOPMENT, POINTING OUT THAT FURTHERING DETENTE ABROAD WAS A PREREQUISITE FOR PROGRESS AT HOME.

5. JAROSZEWICZ FOLLOWED GIEREK WITH A SPEECH THAT EMPHASIZED
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ACCELERATING THE PACE OF ECONOMIC DEVELOPMENT, PARTICULARLY IN THOSE AREAS AFFECTING THE OVERALL STANDARD OF LIVING, SUCH AS AGRICULTURE, LIGHT INDUSTRY, AND SERVICES. ADDITIONALLY, HE STRESSED AS A FOREMOST REQUIREMENT FOR NEXT YEAR THE INCREASING OF EXPORTS TO PAY FOR THE RISING LEVEL OF BOTH IMPORTS AND CREDITS, AND HE DESCRIBED IN STARK TERMS BUDGETARY STRAINS PRODUCED BY THE GOVERNMENT'S HEAVY SUBSIDIZATION OF PRICE CONTROLS. HE SAID THAT MAINTAINING BASIC FOOD PRICES HAD

PLACE A "STRAIN" OF ABOUT 30 BILLION ZLOTYS ON THIS YEAR'S BUDGET.

6. GIEREK CLOSED THE CONFERENCE WITH A BRIEF SPEECH EMPHASIZING ITS CONSULTATIVE ASPECTS AND ITS SUCCESS IN BRINGING THE PARTY CLOSER TO THE WORKING CLASS AND THE ENTIRE NATION . HE THEN APPEALED FOR PROMOTION WITHIN THE PARTY AND AMONG WORKERS AND THE PEOPLE OF A FEELING OF RESPONSIBILITY FOR THE NATIONAL EFFORT,

A SENSE OF PARTICIPATION WHICH HE DUBBED "SOCIALIST PATRIOTISM."

7. COMMENT: THE MAJOR POINTS EMERGING FROM THE CONFERENCE ARE EXTENSION OF THE PRICE FREEZE (EXPECTED) AND THE CALL FOR AN EXCHANGE OF PARTY CARDS (UNEXPECTED⁵² GIEREK'S FORMULATIONS ON PRICES-- EXTENSION THROUGH 1974 OF THE CONTROLS ON BASIC FOOD ITEMS COUPLED WITH THE SUGGESTION OF POSSIBLE RISES IN OTHER AREAS--JIBES WITH REPORTS WE HAVE BEEN RECEIVING IN RECENT WEEKS. JAROSZESICZ'S GLOOMY DEPICTION OF BUDGETARY STRAINS MAY PORTEND SIGNIFICANT PRICE RISES ON AT LEAST SOME NON-FOOD ITEMS, IN LINE WITH OTHER REPORTS WE HAVE HAD.

8. ALTHOUGH AN EXCHANGE OF PARTY CARDS AT THIS TIME TENDS TO CONFIRM PREDICTION OF IDEOLOGICAL TIGHTENING WITH THE THE CSCE CONTEXT, IT WOULD SERVE OTHER PURPOSES AS WELL. IT IS A DEMONSTRATION OF GIEREK'S CONFIDENCE IN HIS OWN POSITION WITHIN THE PARTY AND AFFORD HIM AN OPPORTUNITY TO TIGHTEN HIS GRIP FURTHER. GIEREK JUSTIFIED THE EXCHANGE OF CARDS BY POINTING OUT THAT THERE HAD NOT BEEN ONE FOR SEVEN YEARS. HOWEVER, THE PARTY STATUTES DO NOT SPECIFY ANY PERIODIC REQUIREMENT FOR SUCH AN EXCHANGE AND THE TOTAL LACK OF ANY PRE-CONFERENCE SUGGESTION THAT THIS WAS COMING INDICATES THAT IT IS NOT LIKELY TO BE REGARDED AS A ROUTINE EXERCISE.

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9. A MAJOR NON-EVENT OF THE CONFERENCE WAS ITS FAILURE TO PRODUCE THE LEADERSHIP CHANGES THAT HAD BEEN RUMORED(REF B). PRESS ACCOUNTS MADE NO MENTION OF ANY CHANGES. ADDITIONALLY, WE NOTE THAT COUNCIL OF STATE CHAIRMAN JABLONSKI, WHO ACCORDING TO ONE RUMOR IS TO BE REMOVED, IS SLATED TO GO TO PRAGUE AT THE END OF OCTOBER, ON A VISIT ANNOUNCED A FEW DAYS BEFORE THE CONFERENCE CONVENED.

DAVIES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973WARSAW05545
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS DAVIES
Errors: N/A
Film Number: n/a
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731011/aaaaahos.tel
Line Count: 163
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) WARSAW 5138; (B) WARSAW 5407 NOT, AL
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 02 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Aug-2001 by boyleja>; APPROVED <29-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PZPR FIRST PARTY CONFERENCE OCTOBER 22-23
TAGS: PINT, PL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005